

STATE OF ALABAMA

APPALACHIAN
DEVELOPMENT PLAN

1999 – 2002

DON SIEGELMAN
GOVERNOR

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I. Introduction

The Appalachian Regional Commission (ARC) was established by Congress to promote economic growth and improve the quality of life in the thirteen Appalachian states. It is a unique partnership of federal, state, and local governments. Within the partnership, the Governor represents the State of Alabama. The responsibility for administration of the ARC program within Appalachian Alabama lies with the Alabama Department of Economic and Community Affairs (ADECA). The Director of ADECA serves as the Governor's Alternate Representative to the Commission.

There are thirty-seven counties located in Appalachian Alabama. These are: Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, DeKalb, Elmore, Etowah, Fayette, Franklin, Hale, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Macon, Madison, Marion, Marshall, Morgan, Pickens, Randolph, St. Clair, Shelby, Talladega, Tallapoosa, Tuscaloosa, Walker, and Winston. Local governments are represented by multi-county development agencies called Local Development Districts (LDDs). The thirty-seven counties of Appalachian Alabama are served by eight LDDs. See Appendix I for a list of counties and county data.

In 1997, the Commission adopted a new strategic plan, which would guide its investments in the years ahead. The plan provided a foundation for development in five major goal areas. These are education, infrastructure, leadership and civic development, self-sustaining local economies, and health care.

The Appalachian Regional Development Act of 1965 requires each state to submit an Appalachian Development Plan describing the Governor's goals and objectives for the Appalachian region for his or her state. This plan is designed to set forth the development priorities for the 1999 through 2002 term of Governor Don Siegelman. The policies for Appalachian Alabama are generated by the needs of the people in the region.

ADECA works closely with the eight Local Development Districts (LDDs) in Appalachian Alabama in the development of eligible projects and the preparation of applications that are consistent with the ARC Code and guidelines. Each LDD operates under a Board of Directors composed of representatives from the various local governments. Each LDD helps ARC target and meet the needs of local communities and build community unity and leadership. The LDDs are an active and essential part of the ARC partnership. Citizen participation is achieved through public hearings held by the LDDs. In addition, an Appalachian Regional Commission Workshop is held annually and allows for public participation.

There is a statewide strategic plan being developed through the Alabama Commerce Commission. The Alabama Commerce Commission was created and is chaired by Governor Don Siegelman. The Commerce Commission is comprised of representatives and/or heads of all of the economic development entities in the State of Alabama and is charged with establishing a long-range statewide strategic plan. There are a number of committees involved, including a committee for the Blackbelt, Infrastructure, Incentives, Education, and so forth. See Appendix for Economic Development Matrix of those involved with the Commerce Commission.

For the 21st Century, we envision an Appalachian Alabama in which:

- Growth will be in all business sectors, allowing both new and existing businesses to prosper.
- Citizens can achieve economic independence by working in jobs that pay livable wages, are safe, and that provide opportunities for advancement.
- Appalachian communities will have a higher quality of life, access to excellent public schools and lifelong educational opportunities, quality health care, affordable, decent housing, and a clean environment.
- There is full integration into the global economy through an extensive network of transportation and telecommunications.
- The development of strong local leaders and an active citizenry will chart their own future and implement sustainable, local strategies for economic development.

There are many issues facing Appalachian Alabama, including dramatic structural shifts in the various economic sectors, the quality of the workforce, the increasing importance of entrepreneurship, the strong influence of information technology, and the need for environmental protection as well as long-term issues, such as the consequences of inadequate education, poverty, transportation, and infrastructure needs. Public and private sectors will join with the citizens of Appalachia to:

- Ensure that all students receive a strong, basic education regardless of where they live.
- Establish an integrated, accountable workforce development system.
- Provide resources to low income workers to remove barriers to work and economic stability.
- Establish a jobs strategy to grow and capture high wage jobs and high quality businesses.
- Equip communities with cutting-edge technology to connect them with the global economy.
- Protect the natural resource base to ensure long-term, shared prosperity.
- Provide access to health care.

II. Economic Conditions

For both rural and metropolitan areas, the effectiveness of the traditional approach to economic development has begun to decline. Most communities (especially the rural communities) are missing opportunities which could be utilized to help increase job creation. Economic development agencies should expand their focus to include the development of an environment which would foster growth from within the community, rural or urban, and be an integral and complementary part of the economic development process. Efforts will be made to develop an economic system which will bring together a cohesive multifaceted system of orientation, training, and assistance. Objectives of the concept are to: lessen traditional economic development dependency on recruiting and importing jobs and industry from outside the community; diversify local/rural economies; promote economic development through small business creation, incubation, and assistance; attract and train innovative entrepreneurs; better use existing resources; and assist existing small and medium size businesses. A quality economic foundation for all regions of the state must exist in terms of physical infrastructure, transportation, and information infrastructures and human resources.

One of the primary factors that determine the potential and rate of growth within a county or region is access to basic infrastructure, such as public water, sewer, and transportation. While public and private water systems usually provide service beyond municipal and sometimes county boundaries, sewer service is mostly confined to the larger cities and the surrounding areas. Those areas which lack access to basic infrastructure experience the lowest overall growth and the lowest general standard of living (Alabama Rural Development Strategy, 1998).

Another factor that affects growth and development is employment. Historically most employment has been in the manufacturing and government sectors; however, there is a trend towards transitioning into more diversified economies. Most rural counties still have a higher percentage of manufacturing and government jobs and fewer service, professional, and retail jobs than urban areas. Rural communities often lack the income levels and customer bases that are essential to support large retail and service sector businesses. As the number and percentage of manufacturing jobs in rural areas decline, workers will need to develop new job skills, accept lower paying local service and retail jobs, or commute greater distances to job opportunities in the larger cities. Since adults in rural areas are less likely to have graduated from high school, intensive workforce training programs will be needed to teach the necessary skills to adapt to new or first time job opportunities.

Low income and poor access to health care facilities and services continue to be a defining characteristic of rural Appalachian Alabama. Although many of the rural Appalachian counties have made strong gains in median family incomes in recent years, most of the increases may be attributed to an influx of suburban residents who commute to larger urban centers, rather than any real increase in local wages.

Demographics

According to ADECA's Development Strategy for Rural Alabama 1998, the greatest expansion in the Alabama economy during the 1990s occurred within the service sector. The number of persons employed in service related occupations increased by approximately 117,000 from 1980-1990, posting nearly a 30 percent gain. Employment in manufacturing, however, grew by less than 1.0 percent. While manufacturing jobs comprised 26.1 percent of all jobs in Alabama in 1980, the percentage had dropped to 22.9 percent by 1990. The proportion employed in service occupations increased from 26.1 percent in 1980 to 29.4 percent in 1990. Significant gains in other areas of employment were in construction (19.5 percent); transportation, communication, and public utilities (142.0 percent); retail trade (24.7 percent); and finance insurance and real estate (20.6 percent).

Reflecting the keen competition within the employment arena during the 1980s, along with the tendency for new entrants into the labor force to accept lower paying jobs than their predecessors, the state did not make any real gains relative to income during the 1990s. The differential between Alabama and the U. S. in median household income, median family income, and per capita income remained virtually the same in 1990 as in 1980, with levels in Alabama stalled at approximately 80 percent of the corresponding values for the U. S.

According to a 1997 study by the University of Alabama, during the two years between 1995-1997, Alabama has been one of the ten slowest growing states in terms of income. One of the major reasons for this slow growth has been the continuing change in the state's economic structure; Alabama has created more jobs in trade and services industries than in manufacturing industries. Average wages in the trade and services sectors are significantly less than the average wages paid in manufacturing industries, which helps translate into slow growth in personal income. The continuing structural shift of the Alabama economy from manufacturing employment to trade and services employment, these discrepancies will likely become more pronounced. Many rural counties are highly dependent on jobs in manufacturing, particularly nondurable goods industries, such as textiles and apparel, and food processing. In 1995, 55 percent of nondurable goods manufacturing jobs were located in the service sector and over 76 percent of trade sector jobs were located in metro area counties. While services employment climbed 25.1 percent and trade employment increased 15.6 percent between 1990 and 1995, nondurable goods manufacturing employment decreased 0.6 percent. The first eight months of 1996 saw the loss of over 10,000 nondurable goods manufacturing jobs, or 5.1 percent of 1995 industry employment (A Development Strategy for Rural Alabama, 1998).

In 1996, the Alabama economy created almost 27,000 new jobs, with the trade and services sectors contributing almost 57 percent of these jobs. In contrast, the manufacturing sector lost approximately 5,000 jobs, with all of the losses occurring in nondurable goods production.

Alabama must balance economic development between retaining and sustaining existing business and industry, yet focusing on supporting entrepreneurs and attracting high value-added jobs and high technology industries.

Income

Overall Alabama's Appalachian Region had a per capita income of \$20,780 in 1996 compared to \$20,179 in the Appalachian Region and \$24,436 in the United States. The 1996 data include the seven new counties added in June of 1998 to the 13-state Appalachian Region. In 1996, the Distressed Counties had the lowest per capita income: Macon County with \$9,245; Hale County with \$9,839; and Pickens County \$10,887. These counties are followed by Coosa County with \$11,324; Cherokee County with \$11,705; and Talladega County with \$11,724. Eighteen of the thirty-seven counties had less than 75% of the U. S. average income in 1994. In Appalachian Alabama the poverty rate in 1990 was 15.8 compared to 15.2 for the Appalachian Region and 13.1 for the United States. The unemployment rates for Appalachian Alabama have decreased from 9.3 in 1980 to 6.5 in 1990, and 4.6 in 1997, which is still slightly higher than the unemployment rate for the United States.

Education

Though there are many ways to indicate educational attainment, perhaps the easiest measure to consider is the percentage of adults who have completed high school. Appalachian Alabama dramatically improved its high school graduation rate between 1980 and 1990, but still lags slightly behind the rest of the region and the nation as a whole.

Appalachian Alabama had 56.6 percent complete high school in 1980 compared to 67.1 percent in 1990 (adults 25 and over). The rate for the Appalachian Region in 1990 was 68.4 percent and 75.2 percent for the United States. Though several counties have increased their graduation rates by 12 to 15 percent, others are lagging behind. As a result, the gap between the highest and lowest ranked counties is growing. Madison County, with its concentration of high-tech industries, continues to lead the state with over 80 percent of adults having completed high school. Fast-growing Shelby County's graduation rate increased by 15 percent from 1980 to 1990. At the other end of the scale, less than half of the adults in two counties (Winston and Cleburne) have completed high school. Despite a 12 percent gain, Cleburne County still ranks next to the lowest. Winston and Clay Counties showed the slowest improvement.

Health Care

There are several areas in Appalachian Alabama which lack adequate numbers of health practitioners. Appendix III contains a list of all Health Professional Shortage Areas (HPSA) in the Region as designated by the U. S. Department of Health and Human

Services. Of the 37 Appalachian counties, there are 16 counties that are totally Health Professional Shortage Areas, and 17 counties that are partially HPSA.

The Alabama Department of Public Health coordinates the placement of primary care physicians on J-1 visas seeking to waive the J-1 home residency requirement by working in a federally-designated HPSA in the Appalachian region. The Department of Public Health also monitors the compliance of these physicians with the practice requirements for J-1 visa waivers supported by ARC. In addition to the need for greater accessibility to primary health care, there is a need for the following:

- Expansion of programs to target infant mortality and to provide prenatal services
- Additional preventive health care
- Preventive services for drug and alcohol abuse
- Expansion of home health care, skilled nursing home beds, respite care, and nutrition programs across all age groups
- Counseling services for “at risk” adolescents
- Expansion of health education programs for students K-12 grades
- Access to emergency medical services in rural areas

The quality of health care services can be measured by the number of physicians per capita, and three-year rates of infant mortality. These data indicate that most counties in Appalachian Alabama are far behind the rest of Appalachia and the U. S. as a whole. Only one Alabama County (Jefferson) has more than the national average number of physicians. Only the three largest counties (Madison, Jefferson, and Tuscaloosa) have more than the regional average, and two of those hold a medical school. There is a dramatic drop in the number of physicians in other counties, and despite federal efforts to attract doctors to small towns, the numbers are decreasing in 14 counties. In some cases, the loss of one doctor can have dramatic effects on these data: Coosa County had two doctors in 1990, and lost one by 1994, cutting the rate in half.

Many counties are also struggling to improve infant mortality rates. Appalachian Alabama’s rate from 1992-1994 was much worse than the regional and national rates. From 1992-1994 Appalachian Alabama overall had an infant mortality rate of 9.8 compared to 8.3 for the Appalachian Region as a whole, and 8.2 for the United States. The 1992-94 data indicate Lamar County has a three-year infant mortality rate of 16.4, followed by Fayette County with 15.4, Bibb County with 12.8, and Randolph and Talladega Counties each with 12.6.

III. Challenges and Development Opportunities

Challenges are long standing problem--transition to new economy, low wages, increasing education attainment to meet future growth and development. There is a fervent need to provide infrastructure, improve education, health care accessibility, access to capital and technical assistance for entrepreneurs, provide assistance to communities for leadership development, develop telecommunications infrastructure, and increase markets for small and medium-sized businesses through increased trade.

- Increase the supply of employable workers by placing emphasis on upgrading skills among adults who lack a high school diploma.
- Reduce the number of young people who enter the work place in the future without a high school education.
- Develop a comprehensive, cooperative model for infrastructure development which will promote economic growth along corridors and create jobs for Alabamians.
- Provide accessible, affordable health care to Appalachian residents.
- Penetration of overseas markets—provide access to global markets for small and medium-sized companies.

Goals

Five goals were established by the Appalachian Regional Commission to guide the activities undertaken by the commission. The State of Alabama will direct efforts to implement these goals in the following way:

Goal 1: Appalachian residents will have the skills and knowledge necessary to compete in the world economy in the 21st century.

- To develop a workforce that is educated and well trained for employment.
- Strengthen programs that provide basic skills and workforce training to increase employee capabilities, improve job skills, and upgrade marketable skills.
- Provide access to educational opportunities to gain skills and knowledge required for the workforce to participate in a global economy.
- Strengthen basic skills programs in the public school system and establish specific competency requirements.
- Provide access to programs that will promote education excellence and promote lifelong learning.
- Increase adult literacy.

- Provide children with the skills needed to be successful in school.
- Utilize telecommunications, computers, and other technological capabilities to deliver education and training programs.
- Reduce the school dropout rate in our Appalachian counties.
- Support programs that will expand the use of telecommunications in education, especially K-12.
- Assist communities in developing programs and services for families and caregivers of young children that will ensure that children are healthy and prepared to succeed in school.
- Ensure that students attain the skills and knowledge they will need in the workplace and for continued learning.
- Anticipate and respond quickly to changes in the workplace.
- Support training in the public, private, and non-profit sectors in Appalachian Alabama in the use of new technologies and applications.

Goal 2: Appalachian communities will have the physical infrastructure necessary for self-sustaining economic development and improved quality of life.

- Complete Corridors X and V.
- Work with public and private partners to identify and develop intermodal transportation facilities and corridors in Appalachian Alabama.
- Support efforts to bring adequate telecommunications to Appalachian counties, and support efforts to link new and existing telecommunications networks.
- Support special innovative service telecommunications applications and programs.
- Provide Appalachian counties access to safe drinking water and wastewater facilities.
- Provide water, sewer, and physical infrastructure needed to serve new and expanding industries and commercial development.
- Support development of new industrial sites.
- Provide capital funding for the development of small business incubators.

- Develop “smart parks” with telecommunications infrastructure which will meet the needs of information industries.

Goal 3: The people and organizations of Appalachia will have the vision and capacity to mobilize and work together for sustained economic progress and improvements of their communities.

- Increase economic progress and local capacity through strategic planning, technology, and leadership development.
- Increase the number of people participating in leadership development programs, and support efforts to establish ongoing local leadership training programs for both adults and youth.
- Assist local communities to institute strategic planning and direction for future progress and improvement, including innovative, cost-effective delivery of services.
- Encourage the use of telecommunications technology at all levels to assist community and economic development.

Goal 4. Appalachian residents will have access to financial and technical resources to help build dynamic and self-sustaining local economies.

- Assist counties in restructuring their local economies in order to provide more opportunities for high-value, high wage employment.
- Support infrastructure development to increase tourism based on economic impact.
- Support training programs in economic planning and development and in export development, and increase the number of small and medium-sized businesses engaged in international trade.
- Support programs that increase participation of Appalachian companies in trade events.
- Assist existing firms in marketing their products and services in international markets.
- Support planning efforts, including inventories of available resources to provide information and knowledge for growth and development.
- Increase entrepreneurship in Appalachian Alabama.

Goal 5: Appalachian residents will have access to affordable, quality health care.

- Increase the availability of primary health care in Health Professional Shortage Areas.
- Support initiatives for planning, technical assistance and support to improve health care access to residents of Appalachia.
- Reduce the infant mortality rate in Appalachian counties.
- Strengthen prenatal and neonatal health care and provide education programs to reduce the infant mortality rates.
- Increase programs to prevent teen pregnancy.
- Support projects that will increase access to health care, information and economic opportunities through telemedicine.

Eight Local Development Districts (LDDs) serve the Appalachian Region. The population and occupation trends of Appalachian Alabama are given by Local Development District.

District 1 (Colbert, Franklin, Lauderdale, Marion, and Winston counties) is served by the Northwest Alabama Council of Local Governments (NACOLG). These counties are bordered on the north by the State of Tennessee and on the west by the State of Mississippi. The 1996 population estimate by the Census Bureau for the NACOLG region indicates that the district has grown at a rate of 4.1% since 1990, with the region's population estimated at 219,713 people. In 1990 the population of the region was 211,112 people.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Florence Metropolitan Area are projected to grow at an annual rate of 1.70% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 2.01%; blue collar workers whose growth rate is 1.04%; service workers, 2.69%; and agriculture, forestry and fishing occupations, 0.11%.

West Alabama Planning and Development Council's District 2 is a seven-county region consisting of six Appalachian counties, Bibb, Fayette, Hale, Lamar, Pickens and Tuscaloosa, and Greene County, a non-ARC county. Hale and Pickens are distressed counties. The Tuscaloosa MA has the fifth largest population among the state's 12 MA's. The 1998 census population estimate for the six ARC counties was 251,391 or 5.8 percent of the state's 1998 estimated population. Between the 1990 census and the 1998 estimate, the six-county area experienced a 5.3 percent population increase compared to

the state's 7.7 percent increase. Bibb County shows the most notable increase in population with a growth of 14.2 percent.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Tuscaloosa Metropolitan Area are projected to grow at an annual rate of 2.03% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 2.19%; blue collar workers whose growth rate is 1.23%; service workers, 3.02%; and agriculture, forestry and fishing occupations, 1.01%.

The Birmingham Regional Planning Commission (District 3) serves a six county district consisting of Blount, Chilton, Jefferson, St. Clair, Shelby, and Walker Counties. All six counties are located within Appalachian Alabama, as defined by the Appalachian Regional Commission. The Birmingham Metropolitan area is the hub of the Birmingham region and contains the University of Alabama at Birmingham, which is the region's largest employer. Interstate highways 59, 20, 65 and 459 serve the region and the state of Alabama. With approximately 1 million people, the Birmingham Metropolitan Area is the largest metropolitan area in the state.

In 1990, the six county region had a population of 940,263 which was 23.2 percent of the state's total population. Between 1980 and 1990, the six-county area experienced a 2.8 percent population increase compared to the state's 3.8 percent increase. During the 1980's Jefferson County lost 54,030 people or 8 percent of its population while Walker County lost 2,820 people, which was 4 percent of its population. However, the other four counties experienced population increases during this period. In 1990, the Birmingham Metropolitan Statistical Area contained 839,942 people and was the nation's 53rd largest MSA. Between 1990 and 1997, two new towns incorporated in the Birmingham region. The town of Indian Springs Village incorporated in 1990 with a population of 1,115. Chelsea with a population of 1,547 incorporated in 1997.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Birmingham Metropolitan Area are projected to grow at an annual rate of 2.09% between 1996 and 2006. Included in these data are white collar workers whose growth rates is 2.18%; blue collar workers whose growth rate is 1.51%; service workers, 2.90%; and agriculture, forestry and fishing occupations, 1.17%.

District 4 (East Alabama Regional Planning and Development Commission) is composed of Calhoun, Chambers, Cherokee, Clay, Cleburne, Coosa, Etowah, Randolph, Talladega, and Tallapoosa Counties. The population of the East Alabama Region was 442,152 in 1990, down from the 1980 figure of 451,021. Six of the ten counties in the region showed a decrease in population. In the remaining four counties, population reflected an increase. The four counties showing increases in population were Cherokee (4.2%), Cleburne (1.1%), Talladega and Tallapoosa (each at 0.4%). These four counties are primarily rural counties. The urbanized counties, such as Calhoun and Etowah Counties, had decreases in population. The population is denser in the northern four

counties, where 56.1% of the region's residents are concentrated. In Calhoun and Etowah Counties alone, 48.8% of the region's population resides, mainly because of the Anniston and Gadsden metropolitan areas. Population estimates for 1997 indicate an increase in population in the region overall with an estimate of 456,215 persons, with all but one county showing a slight increase in population from 1990 to 1997.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Anniston Metropolitan Area are projected to grow at an annual rate of 0.96% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 1.12%; blue collar workers whose growth rate is 0.57%; service workers, 1.51%; and agriculture, forestry and fishing occupations, 0.16%. Growth rates for the Gadsden MA are generally somewhat higher. All occupations in the Gadsden Metropolitan Area are projected to grow at an annual rate of 1.50% between 1996 and 2006. White collar workers' growth rate is 1.68%; blue collar workers' growth rate is 1.07%; service workers, 2.23%; and agriculture, forestry and fishing occupations, 0.07%.

The South Central Alabama Development Commission's region consists of one ARC county, Macon, and the five non-ARC counties, Bullock, Butler, Crenshaw, Lowndes, and Pike. Macon County was added to the Appalachian region in 1998 as a distressed county. Located on Interstate 85 and U.S. Highway 29, Tuskegee serves as the political, economic, and educational center for Macon County. The 1990 census shows Macon County's population was 24,928, 22.2% of the district population, and .61% of the total population of Alabama. Between 1980 and 1990, Macon County experienced a 7.1% decrease in population as compared to a state increase of 3.8%.

District 9 (Central Alabama Regional Planning and Development Commission) consists of Autauga, Elmore, and Montgomery Counties; however, Elmore County is the only Appalachian county in the district. District 9 also coincides with the Montgomery MA. Montgomery County is home to the City of Montgomery, which doubles as both the state capital and the region's largest city. The Montgomery MA had a 9% change in population between 1990 and 1998. Its population increased from 292,517 in 1990 to 321,781 in 1998 largely due to the rapid growth occurring in Autauga and Elmore counties. Elmore County experienced a 26 % change in population between 1990 and 1998 as its population rose from 49,210 in 1990 to 61,993 in 1998. Elmore County ranks as the third fastest growing county within Alabama.

Elmore County is the only Appalachian County in District 9 and borders Montgomery County. According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Montgomery Metropolitan Area are projected to grow at an annual rate of 2.22% between 1996 and 2006. Included in these data are white collar workers whose growth rates is 2.21%; blue collar workers whose growth rate is 1.78%; service workers, 3.09%; and agriculture, forestry and fishing occupations, 0.93%.

The North Central Alabama Regional Council of Governments (NARCOG) Region consists of Cullman, Lawrence, and Morgan Counties. The district's population in 1997 was 215,931. This represents an increase of 1.2% over the 1996 population of 213,253. It is projected that the population for the district will be 219,166 by the year 2,000.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Decatur Metropolitan Area are projected to grow at an annual rate of 2.33% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 2.32%; blue collar workers whose growth rate is 2.48%; service workers, 2.78%; and agriculture, forestry and fishing occupations, 0.09%.

DISTRICT 12 (Top of Alabama Regional Council of Governments) is composed of DeKalb, Jackson, Limestone, Madison and Marshall Counties. Madison County, the major economic growth center and Limestone County, also comprise the Huntsville Metropolitan Area (MA). The 1990 Census population estimate for the LDD was 466,326, which was 11.5% of the state's total 1990 population. However, the area's overall population increase of 52,668 from the 1980 Census, represented 58.3% of the entire statewide population growth in the decade from 1980-1990. The cities of Huntsville and Madison led the region's growth, with Madison County alone accounting for 44.0% of the state's decennial growth. A strong imbalance of the region's growth can be seen by the fact that during the 1980's, the three most rural counties (DeKalb, Jackson and Marshall) only posted a 4.4% population increase (well below the national average of almost 10%) and Jackson County actually lost over 7% of its population.

The current (1998) population estimate for District 12 is 530,557 persons, up 13.8% from the 1990 Census benchmark. This figure was well above the statewide average increase of 7.7%, and was led by a combined gain of almost 49,000 persons in Madison and Marshall counties. These gains combined with another 8,100+ in Limestone County (up 15.0%), gave the LDD two of the top ten ranked population growth counties in the state from 1990-98. DeKalb and Jackson counties also posted modest gains over the period, which, while both below the statewide average of 7.7%, continued to reverse their out-migration and loss trends from the 1980-90 decade.

According to a 1998 study of occupational trends by the Alabama Department of Industrial Relations, all occupations in the Huntsville Metropolitan Area are projected to grow at an annual rate of 1.76% between 1996 and 2006. Included in these data are white collar workers whose growth rate is 1.80%; blue collar workers whose growth rate is 1.55%; service workers, 2.34%; and agriculture, forestry and fishing occupations, 0.45%.

Economic Distress

“Distressed Counties” are designated annually by the Appalachian Regional Commission based upon the following criteria:

1.
 - a. per capita market income no greater than 67 percent of the U. S. average; and
 - b. poverty rate at 150 percent of the U.S. average or greater; and
 - c. three-year unemployment at 150 percent of the U.S. average or greater; or
2. Twice the U.S. poverty rate and either (a) or (c) above.

The State of Alabama will provide services to the “Distressed Counties” in all five goal areas with the understanding that because of their unique problems, there may be a need to provide a stronger focus in a particular goal area, such as health or capacity building. Efforts will be made to provide physical infrastructure that will eliminate health hazards and promote job opportunities. There will also be a focus on health, safety, and environmental programs that will ensure healthy workers and healthy children. In order to improve the well being of the citizens in “Distressed Counties,” training in basic skills and workforce training programs will be emphasized in an ongoing effort to improve the quality of life.

There are currently three counties in Alabama that are designated as “Distressed” by the Appalachian Regional Commission: Hale, Macon, and Pickens Counties. The state recognizes that the designation of these counties may change because counties are evaluated on an annual basis by the Appalachian Regional Commission.

Hale County

Hale County’s major agricultural products are catfish, crawfish, chickens, cattle and calves. Major manufactured products are processed catfish and forestry products. U. S. Highway 80 runs east and west through the southern tip of Hale County. Hale County is adjacent to Tuscaloosa County to the north, Bibb and Perry counties to the east, Marengo County to the south, and Greene County to the west. The Black Warrior River is a navigable waterway in Hale County. The county has one hospital, a public health center, and two public libraries.

Population

Hale County is a small, rural county in west central Alabama with a 1998 estimated population of 16,744. This is an 8.0% increase over 1990. There are four municipalities ranging in population from 231 to 3,097. A relatively small but steady increase in population is projected for the county over the next twenty years.

Income/Poverty

In Hale County, 28.7% of families have income below poverty compared to the State’s 14.3%. The median family income is \$18,272 compared to the State’s \$28,688.

Unemployment

In 1995, unemployment was 10.0% compared to the State unemployment rate of 6.3%.

Education

In Hale County, 54.4% of the 25+ population are high school graduates compared to the State's 66.9%. The percentage of college graduates is 8.9% compared to the State's 15.7%. A county school system provides K-12 grades. There is one vocational school in the county.

Macon County

The major agricultural products for Macon County are poultry and forestry.

The County is adjacent to Tallapoosa and Lee counties to the north, Russell to the east, Bullock to the South and Montgomery and Elmore to the west. The Tallapoosa River is located in the upper edge of the county. The county has 1 Veterans Administration hospital, and 1 public health centers, and 3 public libraries.

Population

Macon County is a rural county in south central Alabama with a 1995 population of 23,959. This is a 3.9% decrease over 1990. There are 4 incorporated municipalities ranging in population from less than 1,000 to 11,849.

Income/Poverty

In Macon County, 36.2% of families have income below poverty compared to the State's 14.3%. The median family income is \$20,096 compared to the State's \$28,688.

Unemployment

The unemployment for Macon County in 1995 was 7.5% compared to the State's 6.3%.

Education

In Macon County 23% of the 25+ population are high school graduates compared to the State's 66.9%, 8 % are college graduates compared to the State's 15.7%. There is one university located in the county.

Pickens County

The major agricultural products for Pickens County are broilers. Major manufactured products are clothing and forestry products. U. S. Highway 82 crosses east and west through the northern part of Pickens County. The county is adjacent to Lamar and Fayette counties to the north, Tuscaloosa County to the east, Greene and Sumter counties to the south, and the State of Mississippi to the west. The Tennessee-Tombigbee Waterway is a navigable waterway in the Pickens County. The county has one hospital, a public health center, and five public libraries.

Population

Pickens County is a small, rural county in west central Alabama with a 1998 estimated population of 21,089. This is a 1.9% increase over 1990. There are nine municipalities

ranging in population from 49 to 2,937. A relatively small but steady increase in population is projected for the county over the next twenty years.

Income/Poverty

In Pickens County, 23.3% of families have income below poverty compared to the State's 14.3%. The median family income is \$22,474 compared to the State's \$28,688.

Unemployment

The unemployment rate for Pickens County in 1995 was 9.3% compared to the State's rate of 6.3%.

Education

In Pickens County, 56.2% of the 25+ population are high school graduates compared to the State's 66.9%, 14.3% are college graduates compared to the State's 15.7%. A county school system provides K-12 grades. There is one vocational school in the county.

IV. Collaboration with Other Agencies

The Alabama Department of Economic and Community Affairs will maintain its contacts with the Economic Development Association of Alabama (EDAA), the Economic Development Partnership of Alabama (EDPA), federal agencies, state agencies, and local governments in an overall effort to promote economic growth and improve the quality of life for Appalachian residents.

ADECA will continue to work with the private sector in an effort to further expand the economy of Appalachian Alabama. The participation of the private sector in overall development activities will be encouraged and supported by the state. The State of Alabama will work closely with national and local partners to foster public and private partnerships to achieve the goals and objectives for Appalachia.

Basic federal agencies are involved in the administration of all construction related ARC grants. Federal agencies, which serve by agreement with the Commission as basic agencies for ARC grants include the Rural Development Administration, Economic Development Administration, Tennessee Valley Authority, and the Department of Housing and Urban Development. On occasion other federal agencies, such as the Environmental Protection Agency, act as basic agencies for certain projects. Some basic agencies provide funds to many of the ARC projects they administer.

V. State Policies

State thresholds for "Distressed Counties" will be 80/20 with a maximum of \$200,000 ARC funds per project. State thresholds for all transitional Appalachian counties will be 50/50 for construction and 50/50 for nonconstruction projects with a maximum of \$200,000 in ARC funds per project. State thresholds for Administrative Grants for Local Development Districts (LDDs) will be 50/50. State thresholds for Regional Initiatives will be 50/50. For the State's Consolidated Technical Assistance program, the threshold

will be 50/50. No ARC dollars will be used in Attainment Counties, except for multi-county projects which clearly demonstrate a benefit in a “Distressed County.” A waiver or modification of the restriction or limitation for “Attainment Counties” may be requested in accordance with Section 7-6.6 of the ARC Code.

Availability of funding for a project from an ARC Revolving Loan Fund (RLF) is determined by the limit applicable in the county where the project is located. (This rule does not apply to loans made with ARC RLF funds approved prior to November 13, 1998. Loans using such funds are restricted in accordance with the terms of the grant agreements under which they were made available).

State thresholds for “Competitive Counties” will be 30/70 with a maximum of \$200,000 in ARC funds per project. The State will not fund projects to construct or renovate school buildings, except in emergency situations. Project overruns will not generally be considered for additional ARC funding. When there are project underruns, ARC funds will generally be deobligated and returned to be made available for other eligible projects. A request for proportional reduction will be given consideration in projects with underruns.

Under certain circumstances, the state may waive the state policy maximum of \$200,000 per project. The State will target areas of greatest need, and will respond with ARC dollars in cases of emergency and whenever special development opportunities arise. The threshold for emergency relief projects and projects that are special development opportunities will be 80/20.

Proposals for funding under the regional initiative for entrepreneurship must be supported by a demonstration that they will contribute to the achievement of the regional initiative goal. Business establishments that are not locally owned and are part of a larger non-locally based organization, i.e. branch plants, are ineligible for assistance under this initiative.

The State’s strategy for building entrepreneurial economies will include, but not be limited to projects that:

- Build awareness and advocate creating entrepreneurial economies with communities and policy makers at the state and/or local level.
- Promote the integration of the elements of an entrepreneurial system at the state or regional level.
- Address identified gaps in and build the institutional capacity of any or all of five key elements of an entrepreneurial economy: access to capital and financial assistance; technical and managerial assistance; technology transfer; entrepreneurial education and training; and entrepreneurial networks.

All project applications will be required to include performance measures as a part of the application process. All projects submitted to the state for ARC funding must have output and outcome measures included in an evaluation plan from the grantee.

Alabama will focus primarily on areas of highest need, depressed areas, areas hardest hit economically, areas with health hazards, areas where projects will have the greatest impact, and areas that are not able to help themselves. Alabama will increase reading initiatives across the Appalachian Region and provide funding for a Virtual Library as well as increase professional development for teachers. In conjunction with a focus on economic growth, the State of Alabama will support efforts to improve education, train the workforce, increase entrepreneurs, provide physical infrastructure, including telecommunications, and increase health care in Appalachian Alabama. The state will work closely with the Alabama Development Office as well as other trade multipliers in efforts to increase trade in Appalachian Alabama, and will participate in trade events as well as events sponsored by the ARC Export Trade Advisory Council. The State of Alabama will support programs that will increase export trade in Appalachian Alabama.

Each project request for ARC assistance will be considered on a case-by-case basis.